

RECORDATION NO. **26551** FILED

**JAN 15 '06 -9 33 AM**

**SURFACE TRANSPORTATION BOARD**

OF COUNSEL  
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September 15, 2006

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Full Service Railcar Lease, dated as of January 18, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: North America Rail Leasing #2 LLC (d/b/a  
Babcock & Brown Rail Leasing #2 LLC)  
885 Second Avenue, 49th Floor  
New York, NY 10017

Lessee: Tennessee Valley Authority  
1101 Market Street, LP 5G  
Chattanooga, TN 37402

Mr. Vernon A. Williams  
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A description of the railroad equipment covered by the enclosed document  
is:

120 AutoFlood coal hopper railcars: CEFX 63944 – CEFX 64063.

A short summary of the document to appear in the index is:

Memorandum of Full Service Railcar Lease.

Also enclosed is a check in the amount of \$34.00 payable to the order of  
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the  
undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. W. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/sem  
Enclosures

JAN 33 '06

-9 15 AM

SURFACE TRANSPORTATION BOARD

**MEMORANDUM OF FULL SERVICE RAILCAR LEASE**

THIS MEMORANDUM OF FULL SERVICE RAILCAR LEASE dated as of this 18th day of January, 2006, to that certain Master Full Service Railcar Lease dated as of January 18, 2006 between Babcock & Brown Rail Leasing Co. and TENNESSEE VALLEY AUTHORITY, an agency and instrumentality of the United States and a tax-exempt entity (the "Lessee"), pursuant to which Schedule No. 01 has been executed, is made by the Lessee and NORTH AMERICA RAIL LEASING #2 LLC (d/b/a Babcock & Brown Rail Leasing), a Delaware limited liability company (the "Lessor" and together with the Lessee, the "Parties").

**KNOW ALL PERSONS BY THESE PRESENTS THAT:**

WHEREAS, the Babcock & Brown Rail Leasing Co. and the Lessee entered into that certain Master Full Service Railcar Lease effective as of January 18, 2006 and the Parties entered into that certain Schedule No. 01 thereto effective as of the same date (hereinafter as the same may from time to time be amended, modified or supplemented, the "Agreement"), covering the equipment listed on Exhibit A hereto (the "Cars");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Agreement, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Cars to the Lessee in accordance with the terms and conditions of the Agreement, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

This Memorandum of Full Service Railcar Lease may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Full Service Railcar Lease to be executed by a duly authorized officer as of the day and year first above written.

NORTH AMERICA RAIL LEASING #2 LLC  
(d/b/a Babcock & Brown Rail Leasing), as Lessor

By: 

Name: Ross Sullivan

Title: Vice President

TENNESSEE VALLEY AUTHORITY, as Lessee

By: 

Name: Connie S. Gazaway

Title: Railcar Contract Specialist

STATE OF NEW YORK )

) SS:

COUNTY OF NEW YORK )

On this 28<sup>th</sup> day of February, 2006 before me personally appears Ross Sullivan, to me personally known, who by me duly sworn, says that he is the Vice President of North America Rail Leasing #2 LLC (d/b/a Babcock & Brown Rail Leasing) (the "Company"), that the foregoing instrument was signed on behalf of the said Company by authority of its Officers, and he acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

*Clementina Capasso*

Notary Public

[SEAL]

My Commission expires:

**CLEMENTINA CAPASSO**  
NOTARY PUBLIC, STATE OF NEW YORK  
No. 01CAG120806  
QUALIFIED IN NEW YORK COUNTY  
MY COMMISSION EXPIRES DEC. 27, 2008

STATE OF TENNESSEE )

) SS:

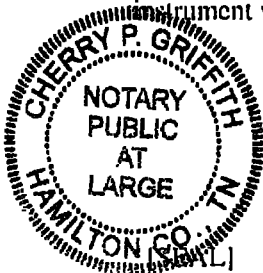
COUNTY OF HAMILTON )

On this 3<sup>rd</sup> day of March, 2006 before me personally appears Connie S. Gazaway, to me personally known, who by me duly sworn, says that she is the Railcar Contract Specialist of Tennessee Valley Authority (the "Company"), that the foregoing instrument was signed on behalf of the said Company, and she acknowledged that the execution of the foregoing instrument was the free act and deed of the said Company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

*Cherry P. Griffith*

Notary Public



My Commission expires: 10/17/09

**EXHIBIT A TO MEMORANDUM OF FULL SERVICE RAILCAR LEASE**

<u>Quantity</u>	<u>Car Description</u>	<u>Reporting Marks and Numbers</u>
One Hundred Twenty (120)	4300 CF Aluminum body AutoFlood coal hoppers, 286,000 lbs. GRL, AAR Car Type Code K341, built in 2001 by Johnstown America.	CEFX 63944-64063, inclusive.